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**Corporate Scope 3 Insetting**

**Use case for**

**Carbon Cockpit**

**Version 1.0**

**Prepared by: Gold Standard**

**October 2017**

**Revision History**

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| --- | --- | --- |
| **Revision No.** | **Date** | **Change Description** |
| 1 | 03 Nov 2017 | Initial |
|  |  |  |

Attribution of Scope 3 'insetting' in the context of Corporate Reporting under GHG-Protocol and Science Based Targets

## Problem statement

Science Based Targets (SBT – [www.sciencebasedtargets.org)](http://www.sciencebasedtargets.org)) provides a platform for corporates to set emissions targets in line with the Paris Agreement, i.e. to achieve a below 2 degree warming. SBT is based on the GHG-Protocol; a standard that allows corporates to report on Scope 1 emissions (direct), Scope 2 emissions (energy/heat/steam) and Scope 3 (value chain). By reporting year on year, following the GHG-Protocol, the corporate can demonstrate its achievements under SBT.

SBT also indicates that the principle of 'insetting' can be used to achieve targets. Insetting allows corporates to take advantage of investment activities in and around the supply chain that will lead to emissons reductions that in turn can be counted towards Science Based Targets.

The challenge is to develop a platform to track the emissions impacts of the investments and ensure they are attributed correctly to the right corporate – mitigating against double accounting and lack of transparency.

## What is expected:

* Auto-tracking of emissions of a given intervention
* Attribution of the emissions footprint of the intervention to a single or multiple corporates transparently

## Example:

A group of corporates wishes to fund a change in practice amongst a group of suppliers (farms) concerning soil carbon storage. Measuring at the farm level the methodology would:

* Set the baseline amount of emissions sequestered by the farm in sinks (two separate metrics)
* Report on the emissions and emissions sequestered each year at farm level
* Attribute the emissions year on year across three corporates 40:40:20

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| --- | --- | --- | --- | --- |
|  | **Baseline year** | **Year 1** | **Year 2** | **Year 3** |
| Emissions sequestered: | 1000tCO2 sequestered | +1000tCO2  (2000 total) | +2000  (4000 total) | +6000  (10000 total) |
| Corp 1 (40) | 400 | +400 (800) | +800 (1600) | +2400 (4000) |
| Corp 2 (40) | 400 | +400 (800) | +800 (1600) | +2400 (4000) |
| Corp 3 (20) | 200 | +200 (400) | +400 (800) | +1200 (2000) |

Mechanism should be flexible and adaptable to change, for example:

* Sequestration above (ability to split overage amongst corporates OR have the farm keep it to 'sell' to others) or below expectation (corporates share pain OR farm has to substitute with purchased credits)
* Corporate dropping out mid process (say Corporate 3 dropping out at year 2)
* Additional corporate joining (say a new Corporate 4 joins and takes 10% with the deduction from the other 3 split 40:40:20)